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Board of Supervisors

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First District

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Second District

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Third District

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Fifth District

April 3, 2015

**TO:** Each Supervisor

**FROM:** Sheryl L. Spiller, Director

**SUBJECT: MOTION BY SUPERVISORS RIDLEY-THOMAS AND KNABE AND  
AMENDMENT BY MAYOR ANTONOVICH AND SUPERVISOR KUEHL  
ON PREVENTING CHILD SEX TRAFFICKING AT MOTELS/HOTELS  
RECEIVING COUNTY VOUCHERS (MARCH 3, 2015, AGN NO. S-1)**

On March 3, 2015, the Board, by motion from Supervisors Ridley-Thomas and Knabe, amended by Mayor Antonovich and Supervisor Kuehl, instructed the Director of Public Social Services (DPSS) and County Counsel to report back to the Board in 30 days on the following:

1. Provide a feasibility analysis for a competitive bid process for emergency shelter services contracts, including the possible impact that it would have on the availability of and access to emergency shelter services. The open competitive bid should require the following as a standard for contracting:
  - Require any hotel/motel that is receiving a voucher from Los Angeles County (County) to sign a contract stating that they will not participate in or allow any form of sex trafficking to take place in their facilities or on their premises;
  - Require every hotel/motel that is receiving voucher(s) to hang a poster in a visible place with hotline information to report a possible sex/human trafficking incident and for victims to receive help;
  - Have hotels/motels that receive vouchers agree to allow law enforcement to check guest registries at-will;
  - Require every hotel/motel that is receiving a voucher to take a training session on sex trafficking provided by the County.

2. Within the feasibility analysis, identify potential options and provide a fiscal analysis, if the County were to increase funding for the GR Emergency Housing Program to augment the daily stipend for shelter.
3. Include other housing options available to this population in the report.

This memorandum was developed in consultation with County Counsel and has been reviewed and approved by County Counsel.

### **1. Feasibility Analysis for a Competitive Bid Process**

DPSS provides GR homeless applicants with emergency housing at participating hotels/motels or with contracted shelter providers, at a per person rate of \$24 per night. GR applicants select whether they want to be housed at a hotel/motel or a shelter. Currently, hotels/motels are included on DPSS' Emergency Housing List by signing an Acknowledgement of Program Rules ("Agreement"), which requires these facilities to comply with DPSS program rules to be included on the Emergency Housing List.<sup>1</sup>

According to County Counsel, it is feasible to perform a competitive procurement process, specifically a Request for Statement of Qualifications, as an alternative to the existing Emergency Housing List, and include the anti-trafficking provisions. However, there are several potential downsides to a competitive procurement process as follows:

- The competitive procurement process would take 12-18 months to complete.
- The process may result in an overall reduction in the availability of emergency housing beds in the County. Hotel/motel owners may not be interested in participating in a competitive procurement process because it is more complicated, time-consuming, and costly.
- Higher costs are likely because proposers submit independent price bids.
- Shifting from the current agreements to competitively-procured contracts would require additional Departmental resources for procurement and administration.

In addition to assessing the feasibility of a competitive procurement, DPSS and County Counsel assessed the feasibility of amending the current Agreement to include the four conditions specified in the March 3 Board Motion. County Counsel determined that the Agreement could be amended to include the four conditions. DPSS could execute the amended Agreement within 60 days with all currently-participating hotels/motels that would agree to do so.

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<sup>1</sup> The Acknowledgement of Program Rules referred to as an "Agreement" in this report is not a contract between the County and the participating hotels/motels, but an acknowledgement and agreement by the facility that it will comply with the Emergency Housing Program rules as a condition of being included on the Emergency Housing List.

Based on that assessment, DPSS surveyed the 40 currently participating hotels/motels to determine if they would execute an amended Agreement and comply with the new Board requirements. Of the 33 that responded; 91% indicated they would comply, and 9% indicated they would not.

The below chart displays the survey responses by Supervisorial District:

| District          | Total Providers | No. of Providers Responded to Survey | Would Sign the Revised Agreement |           |
|-------------------|-----------------|--------------------------------------|----------------------------------|-----------|
|                   |                 |                                      | Yes                              | No        |
| 1                 | 5               | 5                                    | 5                                | 0         |
| 2                 | 21              | 17                                   | 15                               | 2         |
| 4                 | 10              | 8                                    | 7                                | 1         |
| 5                 | 4               | 3                                    | 3                                | 0         |
| <b>TOTAL</b>      | <b>40</b>       | <b>33</b>                            | <b>30</b>                        | <b>3</b>  |
| <b>Percentage</b> |                 |                                      | <b>91%</b>                       | <b>9%</b> |

Note: There are no participating vendor hotels/motels in the 3<sup>rd</sup> District; however, there is a contracted shelter provider.

The 30 hotels/motels that have agreed to sign the revised agreement have 536 beds per night that are available to homeless GR applicants. By comparison, GR homeless applicants utilized an average of 361 hotel/motel beds per night during 2014. Therefore, the capacity at the 30 hotels/motels that have agreed to sign the revised agreement exceeds the average nightly utilization at all participating hotels/motels by 175 beds.

Although 91% of the hotels/motels who responded indicated that they would sign, many expressed concerns with: 1) potential liability associated with sex trafficking activities conducted on their premises without their knowledge, and 2) having law enforcement randomly check their guest registries. We also know that the hotel/motels will not make a final decision until the County has provided them with the revised Agreement for their review and signature.

## 2. Identify Rate Increase Options and Provide a Fiscal Analysis

The Board Motion requested a fiscal analysis if the County were to increase funding for the GR Emergency Housing Program to augment the daily stipend for emergency housing services. The current daily rate is \$24, which is funded with 100% net County cost. Previously, we reached out to non-participating hotels/motels in the GR Emergency Housing Program, to determine the reason for their lack of participation. Some hotels/motels indicated that the rate per night was a major factor and indicated that a reasonable rate would be \$40 to \$60 per night. The rate range depends upon the geographic location within Los Angeles County. If we were to increase the rate per night to \$40 - \$60 and there was no change in the current utilization of the hotels/motels, the annual cost would increase from the \$3.2M in 2014, to \$5.2 - \$7.9M

annually. A market analysis could help determine whether a rate increase is needed, either countywide or in specific geographic areas.

### **3. Other Housing Options**

Partnering with the Los Angeles Homeless Services Authority (LAHSA) is a very viable option. While we currently have contracts with three shelters, we have begun discussions with LAHSA to explore the feasibility of expanding shelter capacity to serve homeless GR applicants. This would likely reduce the County's overall reliance on hotels/motels. LAHSA would need to issue a Request for Proposals for expanded shelter capacity which would take approximately six to nine months.

### **DPSS Proposed Next Steps**

Based on our findings, we propose to take the following actions, unless otherwise directed by the Board:

- a. In collaboration with County Counsel, amend the existing, *"Acknowledgement of the Receipt of Rules for Emergency Housing Facilities"* agreement with the hotel/motel owners, to include the four new requirements specified in the March 3 Board Motion, and execute the amended agreement within 60 days with all currently-participating hotels/motels that agree to do so.
- b. Work with the Probation Department to help design the posters and develop the sex trafficking training curriculum, including identification of the associated cost.
- c. Work with the Los Angeles County Sheriff Department, the Los Angeles Police Department and other law enforcement agencies to ensure the timely reporting of sex trafficking incidents in these facilities, as well as law enforcement access to the guest registries.
- d. Enhance the DPSS monitoring process to ensure hotels/motels are complying with both the existing and new program requirements.
- e. Conduct a market analysis which will take into account total GR housing needs and availability of hotels/motels and shelters within specific geographic areas. The market analysis will help determine if an across-the-board rate increase is required or whether a rate increase is warranted in specific geographic areas.
- f. Work with LAHSA to explore the feasibility of expanding shelter capacity for homeless GR applicants to reduce the Department's reliance on motels/hotels.
- g. Provide quarterly status updates to the Board regarding action items a-f.

Each Supervisor

April 3, 2015

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If you have any questions or require additional information, please contact me at (562) 908-8383, or your staff may contact Jose R. Perez, Assistant Director, at (562) 908-8633, or via email at [joseperez@dpss.lacounty.gov](mailto:joseperez@dpss.lacounty.gov).

SLS:ca

c: Interim Chief Executive Officer  
Acting Executive Officer, Board of Supervisors  
County Counsel